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SUBJECT: NEVER SAY DIE -- UNIFICATION MINISTER ARGUES FOR
3-PARTY SUMMIT ON HIS WAY OUT OF OFFICE

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b/d)

¶1. (C) SUMMARY: In a January 8 meeting with the Ambassador, Unification Minister Lee Jae-jung stressed the need for a three-party summit between the U.S., DPRK and ROK, to declare an end to the Korean War and provide the necessary incentive for Kim Jong-il to give up his nuclear weapons. Lee listed joint rail links, Mt. Paekdu tours, and easing border restrictions to the Kaesong Industrial Complex as his top three North-South cooperation project priorities for his final two months in office. Lee also gave his thoughts on the future of the ministry under the new Lee Myung-bak administration, as well as what he believed was a positive DPRK silence concerning the new administration. END SUMMARY.

3-Party Summit

¶2. (C) Speaking with near-religious fervor, Lee stressed the need for a three-party summit between the U.S., DPRK, and ROK, claiming that such a summit to declare the end of the Korean War was what was needed to propel the Six Party Talks into the third phase. Lee said that Kim Jong-il himself had proposed such a summit to President Roh at the October summit, but that the intended audience was actually President Bush. Kim had expressed interest in President Bush's Hanoi and Sydney statements, and Lee believed that Kim would convey a personal assurance to President Bush guaranteeing North Korea's denuclearization. Lee claimed that, while the U.S. wanted to pursue denuclearization before normalization, the DPRK wanted normalization before denuclearization. Lee mentioned that 2012 was the 100th anniversary of Kim Il-sung's birth, and speculated that the DPRK might attempt to complete denuclearization and normalization with the U.S. by that point.

¶3. (C) The Ambassador noted that the U.S. would want the situation on the Korean peninsula to evolve to a point where such a summit would be possible, but that the time for such a measure had not yet arrived. At this point, the Ambassador said, such a summit would suggest that U.S. acceptance of the DPRK's nuclear status, which the U.S. was emphatically opposed to. While a "kickoff statement" for negotiations on a peace regime was possible once a complete and correct declaration of the DPRK's nuclear programs had been provided, the summit would have to wait.

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14. (C) Lee suggested that the U.S. move first on DPRK's removal from the Trading with the Enemies Act (TWEA) and the State Sponsors of Terror list, after which the DPRK would be given a 45-day window to provide its declaration. If it did not deliver, the U.S. would keep the DPRK on both lists. The Ambassador replied that the DPRK had been informed of the U.S.'s own internal political constraints, and that the October 3 agreement of synchronized actions had been the result. The DPRK could not unilaterally rewrite the rules now in their favor. Furthermore, while a declaration was sensitive for the DPRK, we were only asking for the type of transparency that is expected of countries with IAEA safeguards agreements, said the Ambassador.

15. (C) Lee claimed that suggesting that the North Koreans uphold their "morality" by keeping their Six Party agreements would be more likely to achieve results on the declaration than appealing to a "profiteering" mentality with "carrots," such as delisting from TWEA.

Lee's Final Two Months

16. (C) Developing joint rail links, modernizing the Mt. Paekdu tour site, and improving communications, customs procedures, and access for entry into the Kaesong Industrial Center (KIC) were the top items left to be implemented on the Minister's agenda for his final two months. North and South Korea agreed at the October summit to send a joint cheering squad to Beijing for the 2008 Summer Olympics via a North-South railway line. In order to prepare for this, the two sides had finished two site surveys on North Korea's rail lines from Kaesong to Sinuiju. They found that there were no

serious problems, and that even allowing for very conservative estimates on repair time, the railway link should be ready in time for the Olympics.

17. (C) Lee mentioned that a portion of the proposed joint railway line included the construction a commuter rail link between the city of Kaesong and the KIC. With 65 factories at the KIC, 21,000 workers were already commuting to the KIC via bicycle or bus; 1000 more employees were being added each month. The need for such a commuter line was obvious, said Lee.

18. (C) Two major sets of repairs to the Mt. Paekdu site needed to be taken, said Lee. The first was the airfield and control tower at the site, and the second pertained to the tourism facilities. Lee stated that May 2008 was the target date for the opening of the site.

19. (C) The Ministry of Unification was negotiating with the DPRK to ease the costs of doing business at the KIC. Specifically, this included installing internet and phone communications at the KIC, easing the customs requirements to cross the DMZ, and gaining less restricted access to the KIC, especially after business hours. Beginning the construction of shipyards in North Korea, particularly in Haeju, was also a priority. A site survey team was planned within the next few weeks, Lee said. As for another Minister-level meeting with the DPRK, Lee said he did not expect one for him before he left office, though he did say that 2-3 meetings on a lower level could take place.

Lee's Views on LMB

110. (C) Lee did not believe the Ministry of Unification was about to be eliminated altogether, but a downsizing or restructuring of the ministry was possible. Lee expressed concern that the new government would attempt to make inter-Korean relations merely one part of South Korea's broader foreign policy, and that MOFAT would thus absorb many of the functions of MOU. Making North-South engagement

contingent upon progress in the Six Party Talks was a "dangerous idea," said Lee, and instead the two processes should augment each other in a mutually-reinforcing, "virtuous" cycle.

¶11. (C) The Ambassador replied that while the U.S. and the ROK had minor differences during the last year over the relationship between the Six Party Talks and North-South engagement, these differences tended to be over the sequencing of events rather than any end goal. Coordination and cooperation between the two governments, and particularly between the Embassy and MOU, had remained strong. Still, it made sense to focus the combined leverage of both governments on denuclearization first, as the DPRK's nuclear program remained the main impediment to improvement in North-South relations, said the Ambassador.

¶12. (C) Lee believed that, while North Korea had yet to signal its view of Lee Myung-bak, its silence on Lee Myung-bak's victory in the Presidential election was a positive sign. (NOTE: President-elect Lee Myung-bak also expressed a similar sentiment during a meeting with Assistant Secretary Hill on January 10. END NOTE.) The remarks that

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North Korea had made emphasized cooperation, Lee noted. As for the incoming President, Lee said he was still optimistic about North-South engagement, but that the new government had made it clear that North Korean denuclearization was its central policy with respect to North-South relations.

Comment

¶13. (C) While still a strong advocate of the Sunshine Policy, Lee appeared resigned to both a decreased role for MOU and a reduction in the pro-engagement policies and programs of the Roh administration once the Lee Myung-bak government takes office. Wistful that peace on the peninsula was not achieved during his tenure, Lee requested that the Ambassador endeavor to achieve that during his remaining time in Seoul. It is likely that Lee believes that the Roh government would have succeeded had it not run out of time, and had it persuaded the U.S. to agree to an early summit with Kim Jong-il. END COMMENT.
VERSHBOW